Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337

NOTICE OF INQUIRY AND NOTICE OF PROPOSED RULEMAKING

Adopted: April 21, 2010 **Released: April 21, 2010**

Comment Date: (60 days from publication in the Federal Register)
Reply Comment Date: (90 days from publication in Federal Register)

ALMA COMMUNICATIONS COMPANY COMMENTS

Larry Sullivan
General Manager
Alma Communications Company
206 South County Road
P.O. Box 127
Alma, MO 64011
lwsullivan@almanet.net
Telephone: (660) 674-2297
Facsimile: (660) 674-2613

I. INTRODUCTION

Alma Communications Company (Alma) submits these comments in response to the Federal Communications Commission's (FCC) Notice of Inquiry and Notice of Proposed Rulemaking, FCC 10-58, "In the Matter of Connect America Fund", WC Docket No, 10-90, "A National Broadband Plan for Our Future", GN Docket No. 09-51, and "High-Cost Universal Service Support", WC Docket 05-337 (Order).

Alma believes that the goals within the National Broadband Plan (NBP) are admirable. However, the means of achieving these goals include initiatives that are a major concern for the rural Incumbent Local Exchange Carriers (ILECs). Most rural ILECs have already implemented broadband within their service areas, or are in the process of completing projects for broadband.

Alma is specifically addressing the following key question from Paragraph 53 of the FCC 10-58 Order:

"To the extent that any commenter believes that these proposals, or the proposal to cap legacy high-cost support, would negatively affect affordable voice services for customers, we would encourage such a commenter to identify all assumptions and to provide data, including information on network investment plans over the next five years and free cash flows, to support that position".

Alma includes with these comments financial information that demonstrates how the proposed changes to the legacy Universal Service Fund (USF) are not favorable for the continuance of universal service in rural areas. Without sufficient replacement support, the proposed changes may jeopardize the financial viability of Alma Communications Company.

II. BACKGROUND

As of December 31, 2009, Alma served 340 one-party residential, single-line and multi-line business lines, including 5 Life-line customers, in the west central portion of the State of Missouri from our office in Alma. We have a staff of 4 employees, offer wireline voice services, computer support, and broadband services in a 75 Megabits per Second (Mbps) capacity. We completed a fiber project in 2006 to serve our rural consumers in our service area with a 75 Mbps capacity. Since that project was completed, our DSL subscriptions have increased almost 300%.

This project was completed with the financial assistance of a RUS loan for $3.3 million, along with the assumption that access rates and federal USF would continue to provide a reasonable contribution toward repaying that debt. With the proposed reductions in federal USF and access rates, Alma's cash flow approaches zero in 2016 indicating insufficient funds to cover the RUS debt in future years.

Alma local exchange area covers approximately 77 square miles, with 89 miles of buried fiber. Alma utilizes a soft switch, is Communication Assistance to Law Enforcement Act (CALEA) compliant, and meets all of the requirements of an Eligible Telecommunications Carrier (ETC), including Carrier of Last Resort (COLR).

Alma is structured as a C-Corporation, with 145 shares of common stock and 65 shareholders. We are responsive to the needs of our customers and take pride in providing quality voice and data services that meet their needs.

When we completed a buried fiber project, we did so based on current FCC rules and regulations, including the continuation of legacy USF support. The information provided in our comments is based on the financial information from our 2009 audit report, modified for National Exchange Carrier Association's (NECA) National Average Cost per Loop (NACPL). This information is considered "Business as Usual" which was subsequently adjusted to include the proposed changes as outlined in the Notice of Inquiry and Notice of Proposed Rulemaking, adopted April 21, 2010 for the National Broadband Plan (NBP).

III. REVENUE SOURCES

Alma received its 2009 revenues from the following sources: our end user customers, including Local Services, End User Common Line (EUCL), and Internet; Network Access billed to Carriers; resold Long Distance and Miscellaneous Revenue; and federal USF which includes Local Switching Support (LSS), Interstate Common Line Support (ICLS), and High Cost Loop (HCL) revenue. The EUCL, LSS, and ICLS support amounts are actually part of interstate revenue requirement.

Based on the 340 year end access lines, the 2009 average revenue per line, per month for the above sources is as follows: End User $36.15; Network Access $51.52;

Long Distance and Miscellaneous $8.40; and federal USF $188.52. Federal USF support represents 66% of Alma's revenue. *Exhibit I, "2009 Monthly Revenue Source per Line"*, provides a pie chart for this information.

Exhibit I also shows the effect of the FCC's proposals by year 2015 for phasing down federal USF support, as well as decreasing minute-of-use access rates. The data for 2015 represents the half way point in the FCC's proposal to eliminate minute-of-use changes by the year 2020. It is anticipated that Alma access lines will stay constant at 340 by 2015.

The proposed changes to the existing revenue sources are anticipated to produce the following revenue per line, per month by 2015: End User $38.69; Network Access $25.76; Long Distance and Miscellaneous $4.77; and federal USF $94.26. Federal USF declines to 44% from 66%. Network Access Revenues decline from 18% to 12%. The 2015 revenue shortfall between "Business as Usual" and the NBP is $49.44 per line per month, or 23.22% that will need to be supported from unknown sources for Alma to maintain the quality voice and data services that has been provided and is expected to be provided by our customers.

Exhibit II, "Comparison of Current ICLS projection vs. Frozen at 2010 Levels Per Line", provides a bar chart to display the comparison of ICLS between the current projection and frozen at the 2010 levels at $677.11 per line. Using the 2010 per line level of support, the difference between unfrozen and frozen will be ($4,778) in 2011 and ($11,030) by 2016. ICLS represents total network loop costs that are maintained even when lines are lost. As lines decrease and less subscriber line charges are applied to the reduced number of lines, the amount of ICLS per line would need to be increased in order for the total study area ICLS amount to be fully recovered.

IV. BENCHMARK END USER RATES

Based on 2009 levels, assuming that all 340 lines subscribe to local services and long distance and calculating internet revenue based on DSL lines, Alma received $55.90 per month, per line. Exhibit I indicates end user revenue at $44.55, but this was based on average revenue from total access lines. For purposes of benchmarking, we used the $55.90 for the comparable end user rate.

Exhibit III, "Monthly Revenue Shortfall from Covering Expenses at Comparable Rural/Urban/Wireless End User Benchmark Rates", provides a comparison between the amount from Alma's end users of $55.90 to an actual AT&T urban voice-line statement of $69.82 and an actual Sprint wireless statement of $69.24. Using Alma's 2010 total company expenses less special access and miscellaneous revenue, the per-line, per month expense amount that would not be recovered with end user revenue is $205.31 at Alma revenue per line rate; $188.15 at the urban wireline rate; and $175.66 at the wireless rate. This shortfall does not include an amount for a return on investment.

The information provided in Exhibit III demonstrates that even with an increase in Alma's end user rates to an urban wireline rate or a wireless rate, the revenue generated by end users does not generate sufficient revenue to recover the expenses necessary to provide quality services in our rural area.

V. INVESTMENTS FOR BROADBAND

Alma completed the buried fiber project, based on the $3.3 million loan from Rural Utilities Service (RUS). *Exhibit IV, "Projected Net Investment"*, is a bar chart that provides the anticipated net investment declining, since Alma has already prepared our network and switch for broadband.

VI. COMPARISON OF PROJECTED HIGH COST LOOP SUPPORT

Estimating the future HCL support has always been difficult as the NACPL has been a "best guess" amount. Our consultants, Warinner, Gesinger and Associates, LLC (WGA) estimated the NACPL at $453.81 for calendar year 2009 (for payment year 2011) and increased this by $32.50 per year through 2014 to $616.31 (for payment year 2016). NECA in June 2010, for the first time, released its projected NACPL for 2009 at $464.78 which due to the negative rural growth factor of minus 3.5%, increases to $743.74 by 2013. NECA's method for determining the NACPL is provided with Exhibit V.

The Exhibit V chart, "*Comparison of Projected High Cost Loop Support*" provides the amount of HCL support using WGA's NACPL; the HCL support using NECA's NACPL, and the amount of HCL support if frozen at 2010 support per line. The difference between the use of WGA's estimated NACPL and that based on NECA's NACPL, impacts Alma's anticipated HCL support, on a cumulative basis, ($182,852) by 2016.

The financial information was based on the use of NECA's NACPL in determining the anticipated HCL support and Alma Study Area Cost per Loop (SACPL). This Exhibit displays a "Business as Usual" scenario, with significant increase in NECA's NACPL, being more harmful than freezing HCL support at the 2010 amount per line. This supports the FCC's stance that status quo will not work.

VII. CASH FLOW PROJECTION

Presented in *Exhibit VI, "Cash Flow Projection"*, is information related to cash-flow through 2016 comparing "Business as Usual" to the impact of the proposals associated with the NBP changes. The decrease in cash-flow for "Business as Usual" is directly related to the increase in the NACPL which drastically reduces the year-to-year amount of anticipated HCL support. Without changes to offset the increase in the NACPL and no increase in loops, Alma cash-flow becomes approximately zero by 2016.

The "Business as Usual" revenues were adjusted to provide the NBP cash-flow revenue amounts as follows: (1) ICLS revenue was based on the 2010 support per line (Exhibit II) and, (2) HCL support, state and federal access was phased down by 10% per year.

The NBP's proposals regarding phasing down, or eliminating traditional access revenues, will have a negative impact on our revenue. Federal access rates are lower because the End User Common Line (EUCL) was implemented by the FCC to remove access charges paid by carriers and recover a portion of this from the end user. The

EUCL and the Interstate Common Line Charge (ICLS) support amount, also implemented by the FCC to remove access charges paid by carriers, allow cost companies to recover their interstate Carrier Common Line (CCL) revenue requirement through the explicit ICLS mechanism. The State of Missouri does not have State USF support which has been implemented in other states over the years to address the intrastate access charges.

If the FCC adopts the NBP proposed elimination of access charges or takes the rate to an arbitrary level of say $0.007, Alma will require a replacement revenue source for both interstate and state access revenue in order to maintain their current level of services and meet their debt payment obligations. Alma assumes that the replacement of intrastate access may also require approval of the State Commissions.

The NBP cash-flow revenues do not include revenue from an unknown source or the proposed Connect America Fund (CAF) to replace the lost revenue resulting from decreases in access and the changes in legacy USF support. The NBP revenue changes result in approaching a zero cash-flow by 2016 and reaching negative amounts after 2016.

VIII. OPINION SUMMARY

Alma revenue is generated from end users, carriers and universal support *(Exhibit I).* Even if local rates are set at comparable rates to an urban landline provider or a wireless provider, the revenues generated on Alma lines will not cover our expenses *(Exhibit III)*.

Alma presents the financial documentation to the FCC to support our opinion that the proposals to cap the legacy high-cost support at 2010 levels, and phase-out the legacy high-cost funding and/or per minute-of-use charges by 2020 will negatively affect the affordable and dependable voice and data services for our customers. It is important for the FCC to ensure that any replacement support will be adequate to support the goals of universal service.

Alma Communications Company respectfully requests that the FCC consider the impact to the rural companies in its changes to the legacy USF support mechanisms as the FCC adopts policies that may phase out the legacy high-cost programs or replace it with the CAF. As our financial information demonstrates, Alma serves a high-cost area and in order to achieve the universal service goal of affordable and comparable rates, Alma requires USF or CAF to maintain affordable quality services to our customers.

If the proposals, as set forth by the FCC in the Notice of Proposed Rulemaking are implemented without an adequate and sustainable revenue replacement, Alma Communications Company may no longer be financially viable *(Exhibit VI)*.

The data presented by Alma in Exhibits I through VI appropriately represents the financial information that supports our comments. However, if the Federal Communications Commission desires to review the supporting data behind the exhibits, this financial data will be provided upon request in a confidential manner as restricted information not available to the public.

Respectfully submitted,

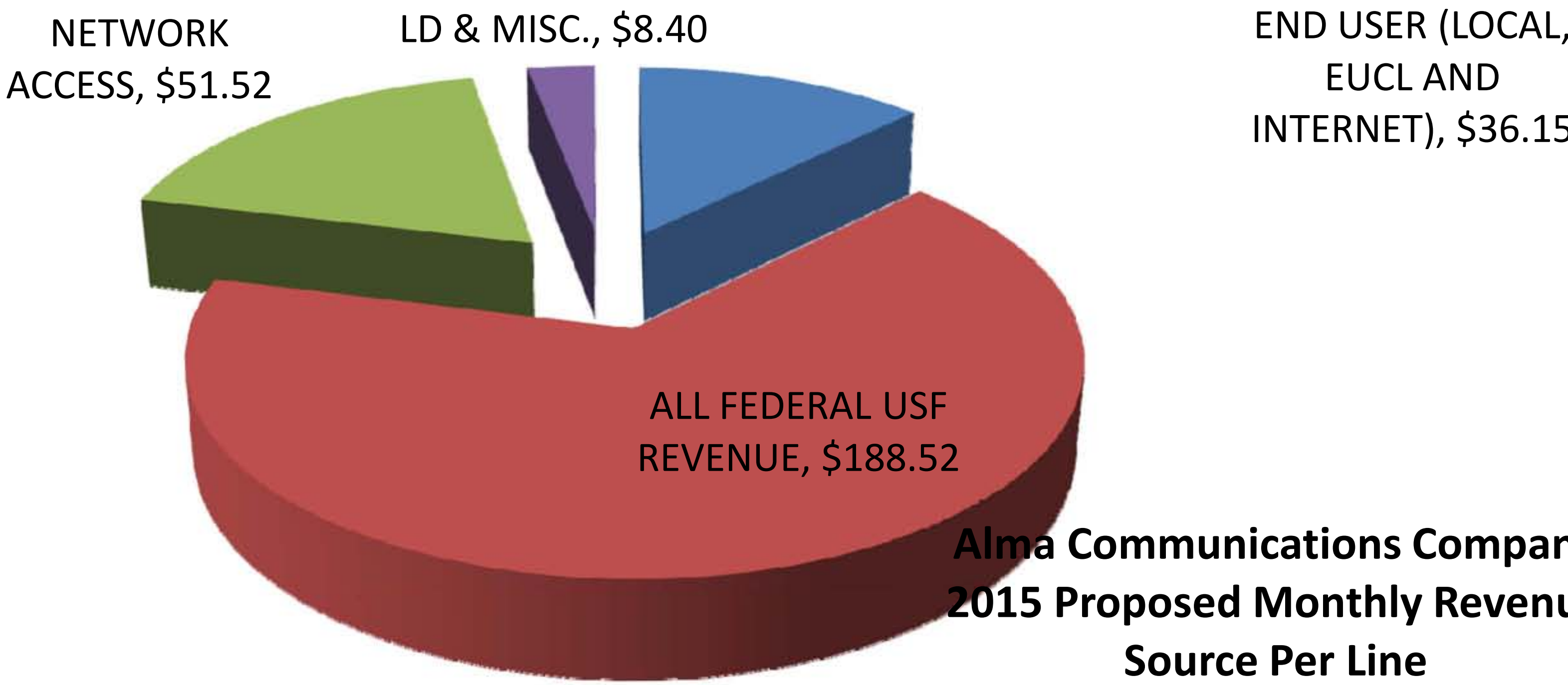
/s/ Larry Sullivan

General Manager
Alma Communications Company
206 South County Road
P.O. Box 127
Alma, MO 64011
lwsullivan@almanet.net
Telephone: (660) 674-2297
Facsimile: (660) 674-2613

Submitted via ECFS

Exhibit I

Alma Communications Company
2009 Monthly Revenue Source Per Line



Alma Communications Company
2015 Proposed Monthly Revenue Source Per Line

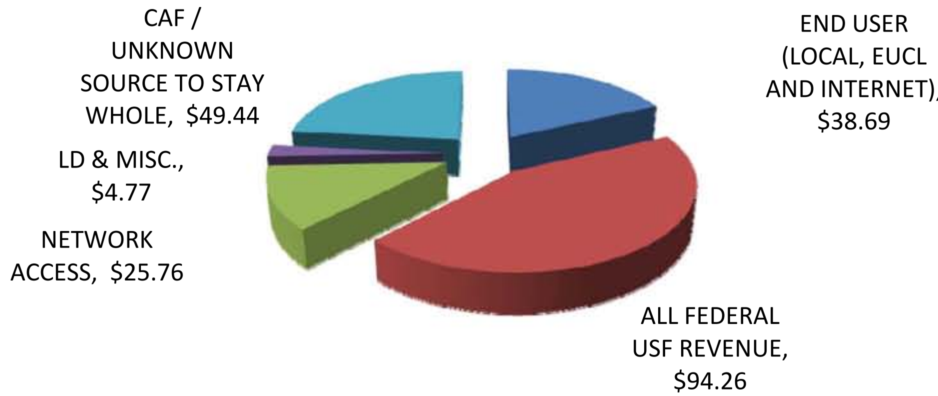
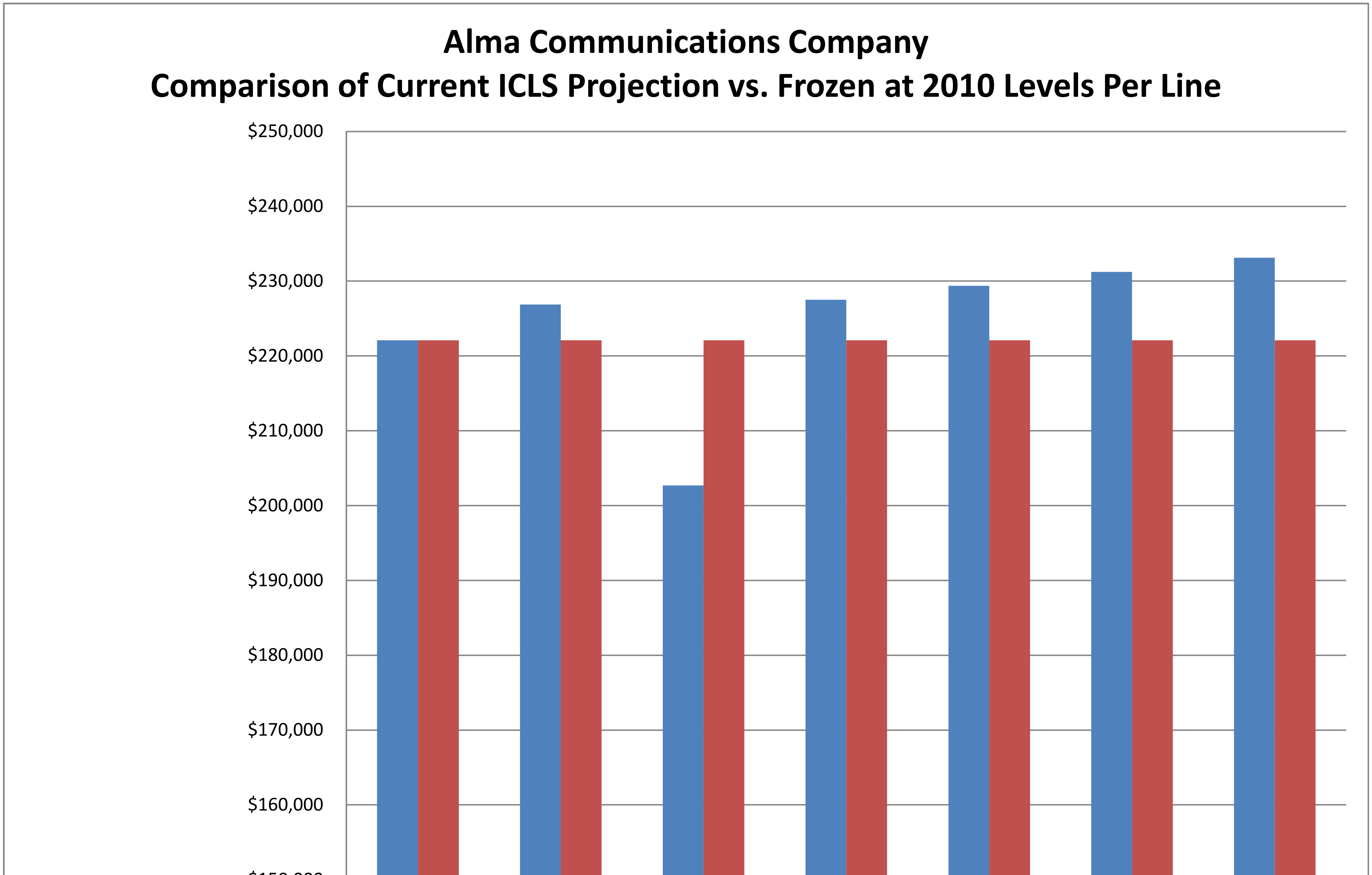
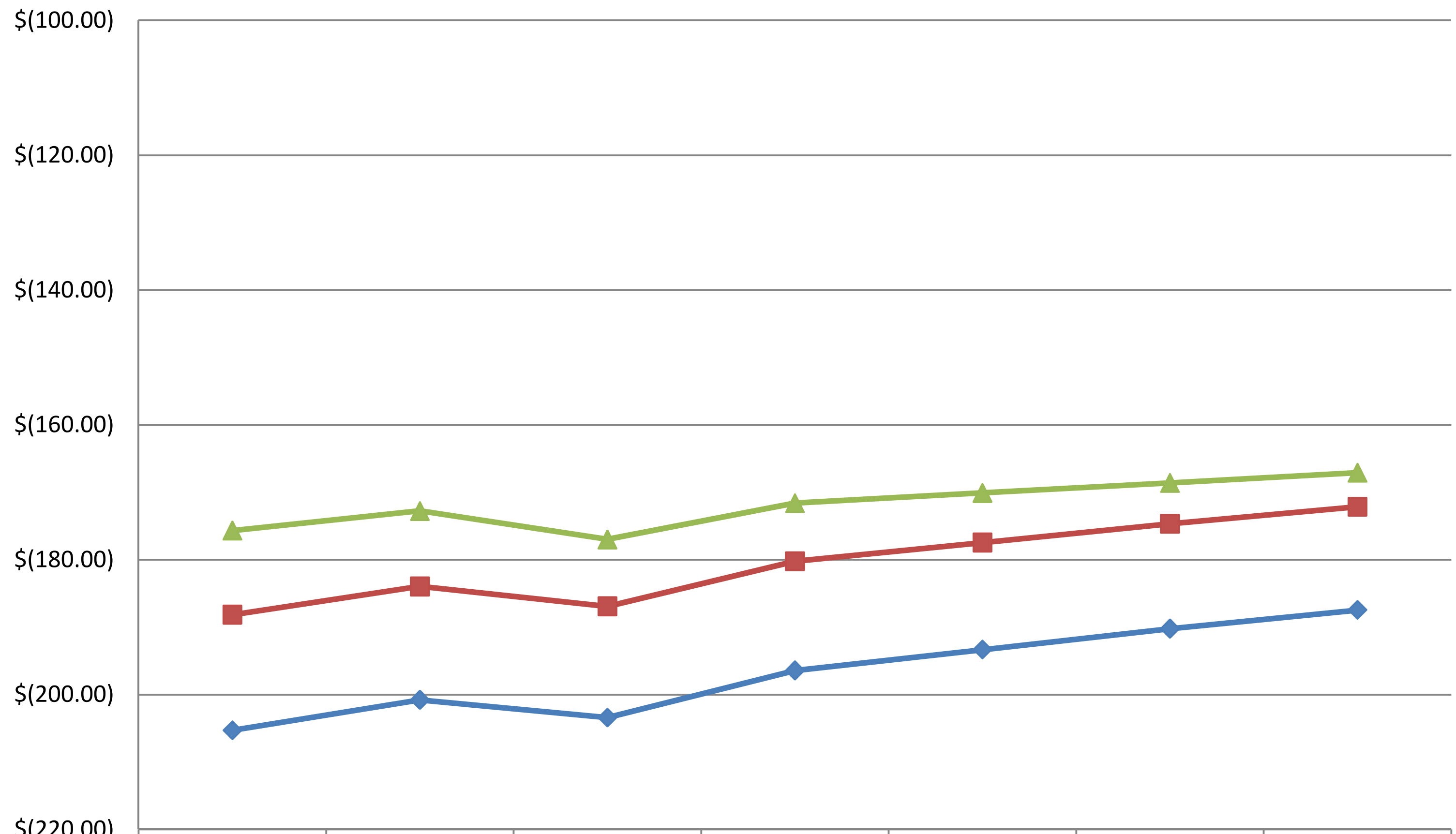


Exhibit II



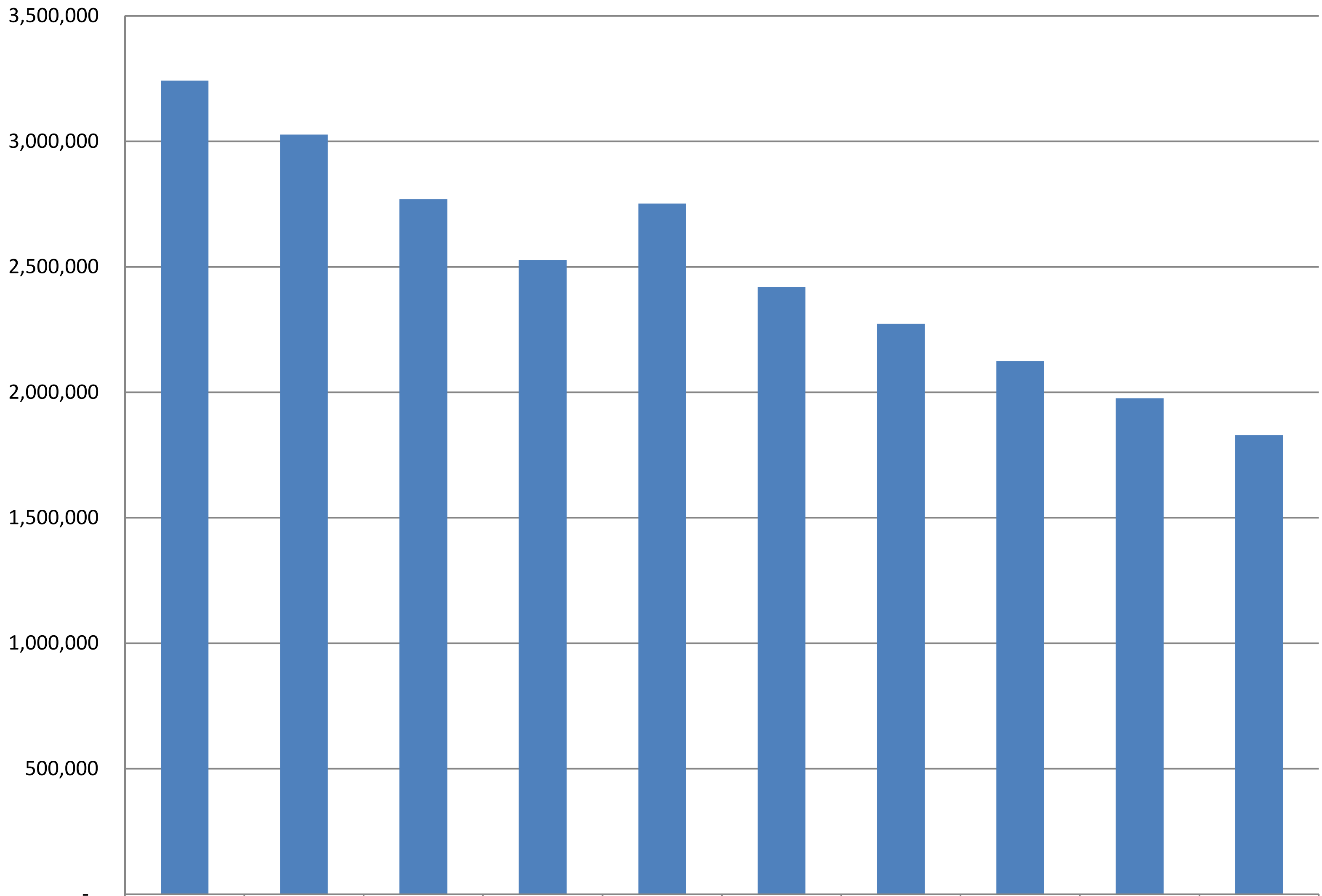
	2010	2011	2012	2013	2014	2015	2016
Projected ICLS (unfrozen):	222,091	226,869	202,690	227,503	229,376	231,248	233,121
ICLS - frozen @ 2010 Per Line Amt	222,091	222,091	222,091	222,091	222,091	222,091	222,091

Alma Communications Company
Monthly Revenue Shortfall from Covering Expenses at Comparable Rural/Urban End User Benchmark Rates
(Does NOT Include any Return on Rate Base)



	2010	2011	2012	2013	2014	2015	2016
AT ILEC'S RATES	$(205.31)	$(200.81)	$(203.43)	$(196.44)	$(193.34)	$(190.24)	$(187.46)
AT AT&T'S RATES	$(188.15)	$(183.96)	$(186.91)	$(180.23)	$(177.45)	$(174.67)	$(172.15)
AT SPRINT'S WIRELESS RATES	$(175.66)	$(172.76)	$(176.99)	$(171.59)	$(170.09)	$(168.59)	$(167.09)

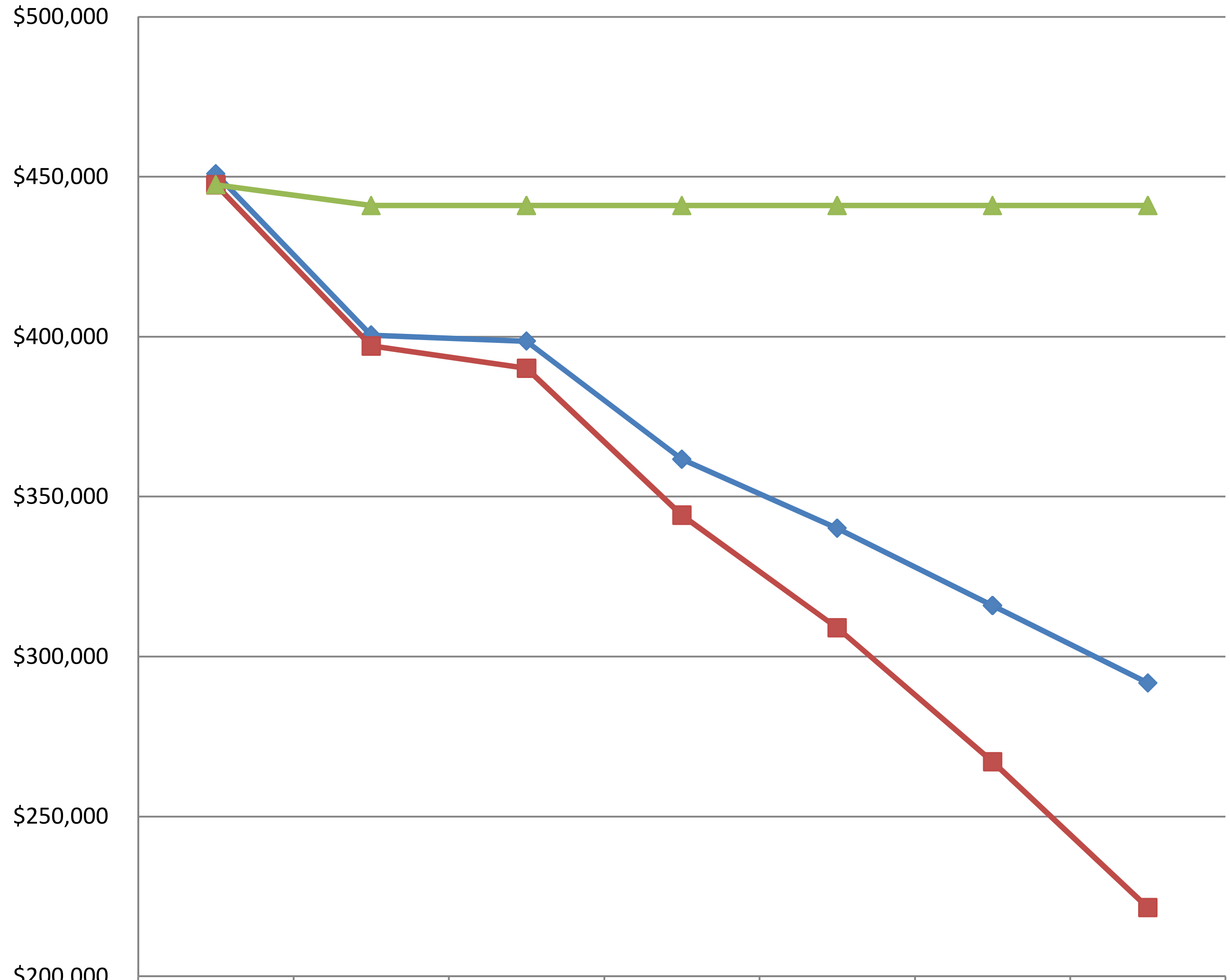
Alma Communications Company
Projected Regulated Net Investment



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Regulated Investment	3,242,100	3,027,242	2,769,530	2,527,925	2,752,431	2,420,249	2,272,384	2,124,518	1,976,653	1,828,787

Projected High Cost Loop Support

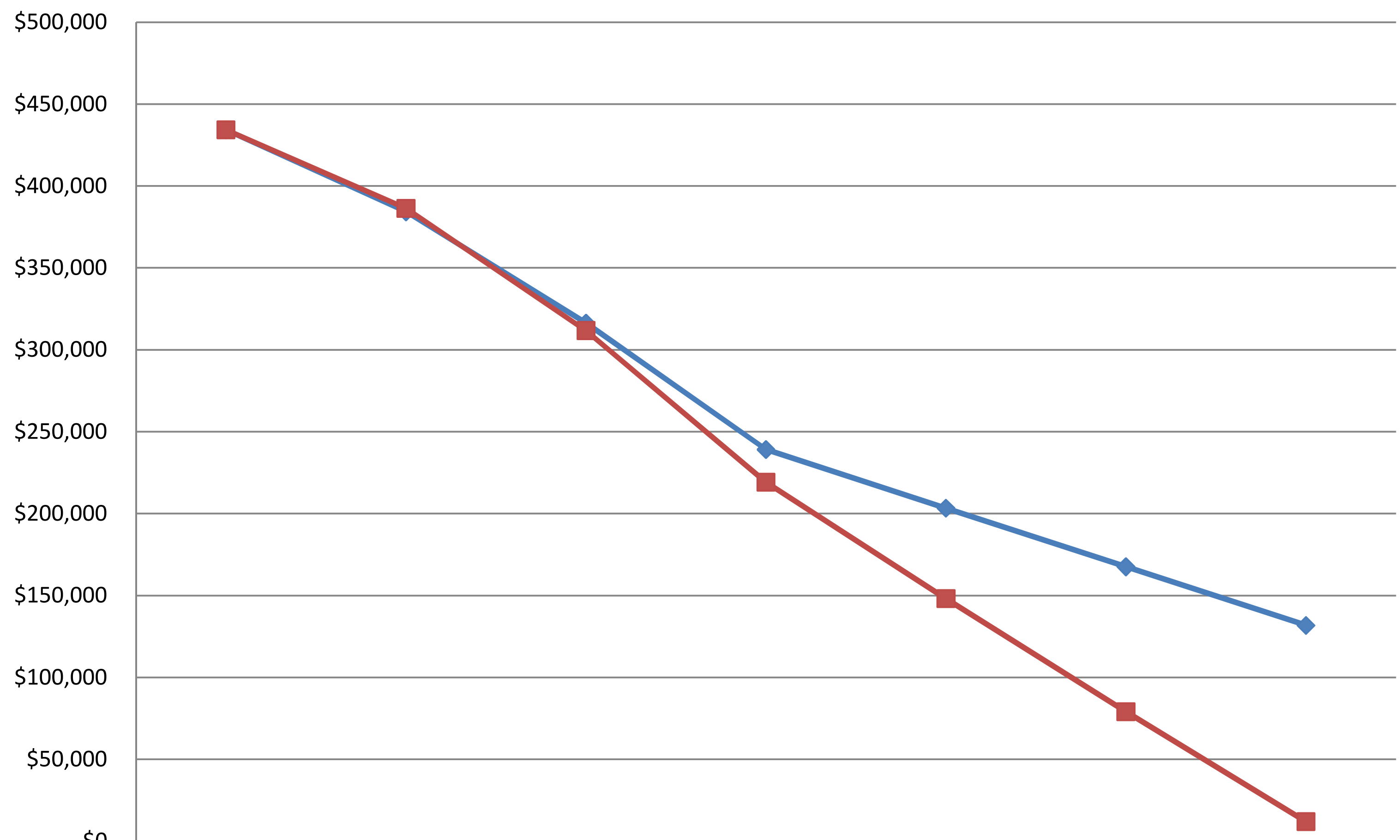
Exhibit V



	2010	2011	2012	2013	2014	2015	2016
HCL Support @ WGA Projected NACPL	$450,913	$400,455	$398,608	$361,679	$340,132	$315,940	$291,749
HCL Support @ NECA's Projected NACPL	$447,510	$397,107	$390,134	$344,212	$308,979	$267,138	$221,543
HCL Support if Amount/Line Fozen @ 2010 Level	$447,510	$441,024	$441,024	$441,024	$441,024	$441,024	$441,024

Exhibit VI

Alma Communications Company
Cash Flow Projection
(With ICLS Frozen, HCL, State and Interstate Access Reduced 10% Per Year)



	2010	2011	2012	2013	2014	2015	2016
Business As Usual Cash Flow	$434,300	$384,317	$316,404	$239,153	$203,373	$167,591	$131,810
NBP Cash Flow	$434,300	$386,327	$311,739	$219,135	$148,170	$79,097	$11,916